



Lake Huron
Primary Water Supply System

FINANCIAL PLAN

#001-301

Safe Drinking Water Act, 2002
O.Reg. 453/07

Consolidated Financial Model for Municipal Drinking Water Licence Renewal

October 13, 2023

LAKE HURON PRIMARY WATER SUPPLY SYSTEM
Statement of Financial Position

	Audited	Forecast (unaudited)						
	2022	2023	2024	2025	2026	2027	2028	2029
Financial assets								
Due from Corporation of the City of London ⁽¹⁾	48,836,240	51,024,664	44,305,869	30,244,381	23,534,980	38,128,883	36,621,226	32,896,143
Trade and other receivables	2,157,564	2,269,231	2,522,139	2,606,012	2,757,484	2,921,043	3,127,433	3,181,705
Total financial assets	50,993,804	53,293,895	46,828,008	32,850,393	26,292,464	41,049,926	39,748,659	36,077,848
Financial liabilities								
Accounts payable and accrued liabilities	1,514,216	1,527,258	1,652,259	1,709,824	1,670,635	1,869,336	1,889,163	1,953,967
Accrued interest on long-term debt	20,633	13,307	7,004	588	299	9,330	9,063	8,797
Net long-term debt	3,096,033	1,996,774	1,050,965	88,256	44,796	1,400,000	1,360,000	1,320,000
Total financial liabilities	4,630,882	3,537,339	2,710,228	1,798,668	1,715,730	3,278,666	3,258,226	3,282,764
Net financial assets / (debt)	46,362,922	49,756,556	44,117,780	31,051,725	24,576,733	37,771,260	36,490,433	32,795,084
Non-financial assets								
Tangible capital assets (net)	144,215,499	144,215,499	154,294,909	171,411,002	183,354,010	175,182,176	183,104,735	192,846,666
Prepaid expenses	422,124	349,982	360,481	371,295	382,434	393,907	405,724	417,896
Total non-financial assets	144,637,623	144,565,481	154,655,390	171,782,297	183,736,444	175,576,083	183,510,459	193,264,562
Accumulated surplus	191,000,545	194,322,037	198,773,170	202,834,022	208,313,177	213,347,343	220,000,892	226,059,646

* subject to rounding

Notes:

(1) As the Administering Municipality, the Corporation of the City of London manages the daily operations of the Lake Huron Primary Water Supply System (LHPWSS). The Corporation maintains a separate general ledger on behalf of the LHPWSS. All funds are paid and received through the Corporation's bank account and are held for use by the LHPWSS.

Disclaimer

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LAKE HURON PRIMARY WATER SUPPLY SYSTEM
Pro-forma Statement of Operations

	Audited	Forecast (unaudited)						
	2022	2023	2024	2025	2026	2027	2028	2029
Revenues								
User charges	23,435,675	24,747,807	26,594,477	28,647,973	30,567,127	32,503,162	34,566,908	35,258,246
Investment income	856,718	814,000	852,219	705,616	492,900	399,467	660,859	580,926
Other ⁽²⁾	14,104	2,703	967,000	5,000	5,000	5,000	5,000	5,000
Total revenues	24,306,498	25,564,510	28,413,696	29,358,589	31,065,027	32,907,629	35,232,767	35,844,172
Expenses								
Salaries, wages and benefits	928,791	817,787	1,250,785	1,288,309	1,326,958	1,366,767	1,407,770	1,450,003
Materials and supplies	11,768,268	11,952,305	12,768,070	13,243,379	13,739,462	14,557,383	14,730,380	15,281,497
Contracted services ⁽¹⁾	1,511,617	1,539,200	1,451,012	1,479,154	571,551	1,587,651	1,558,048	1,573,815
Rents and financial expenses	92,436	115,000	135,000	137,700	140,454	143,263	146,129	149,051
Interest on long-term debt	89,339	59,412	34,478	10,070	1,766	400,000	366,684	332,035
Amortization	7,254,459	7,431,140	7,985,218	8,790,985	9,447,096	9,449,057	9,989,786	10,607,182
Administrative charges	297,690	328,174	338,000	348,140	358,584	369,342	380,422	391,835
Total expenses	21,942,600	22,243,018	23,962,563	25,297,737	25,585,871	27,873,463	28,579,219	29,785,418
Annual surplus	2,363,897	3,321,492	4,451,133	4,060,852	5,479,156	5,034,166	6,653,549	6,058,755
Accumulated surplus, beginning of year	188,636,648	191,000,545	194,322,037	198,773,170	202,834,022	208,313,177	213,347,343	220,000,892
Accumulated surplus, end of year	191,000,545	194,322,037	198,773,170	202,834,022	208,313,177	213,347,343	220,000,892	226,059,646

* subject to rounding

Notes:

- (1) Contracted services includes capital expenditures which do not qualify as a Tangible Capital Asset under the PSAB 3150 definition.
(2) Other Revenue includes Miscellaneous Revenue and estimated one-time connection payments.

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LAKE HURON PRIMARY WATER SUPPLY SYSTEM
Projected Statement of Net Financial Assets

	Audited	Forecast (unaudited)						
	2022	2023	2024	2025	2026	2027	2028	2029
Annual surplus	2,363,897	3,321,492	4,451,133	4,060,852	5,479,156	5,034,166	6,653,549	6,058,755
Acquisition of tangible capital assets	(6,393,205)	(12,735,643)	(17,510,550)	(25,101,311)	(20,733,993)	(1,275,262)	(17,371,616)	(19,731,717)
Amortization of tangible capital assets	7,254,459	7,431,140	7,985,218	8,790,985	9,447,096	9,449,057	9,989,786	10,607,182
	3,225,151	(1,983,011)	(5,074,199)	(12,249,474)	(5,807,741)	13,207,961	(728,281)	(3,065,780)
Change in prepaid expenses	(77,750)	72,142	(10,499)	(10,814)	(11,139)	(11,473)	(11,817)	(12,172)
Change in net financial assets	3,147,401	(1,910,869)	(5,084,698)	(12,260,288)	(5,818,880)	13,196,488	(740,098)	(3,077,952)
Net financial assets, beginning of year	46,215,521	49,362,922	47,452,053	42,367,355	30,107,067	24,288,186	37,484,674	36,744,576
Net financial assets, end of year	49,362,922	47,452,053	42,367,355	30,107,067	24,288,186	37,484,674	36,744,576	33,666,623

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LAKE HURON PRIMARY WATER SUPPLY SYSTEM
Statement of Cash Flows

	Audited	Forecast (unaudited)						
	2022	2023	2024	2025	2026	2027	2028	2029
Cash provided by:								
Operating activities:								
Annual surplus	2,363,897	3,321,492	4,451,133	4,060,852	5,479,156	5,034,166	6,653,549	6,058,755
Items not involving cash:								
Amortization	7,254,459	7,431,140	7,985,218	8,790,985	9,447,096	9,449,057	9,989,786	10,607,182
Amortization of debt discount	8,201	8,202	8,202	8,202	8,202	8,202	6,974	5,944
Change in non-cash assets and liabilities:								
Due from Corporation of City of London	(299,330)	2,955,027	6,007,430	13,100,248	5,899,492	(12,557,443)	1,648,935	3,829,489
Prepaid expenses	(77,750)	72,142	(10,499)	(10,814)	(11,139)	(11,473)	(11,817)	(12,172)
Trade and other receivables	(220,334)	(111,667)	(252,908)	(83,873)	(151,472)	(163,559)	(206,390)	(54,272)
Accounts payable and accrued liabilities	(1,508,936)	13,042	125,001	57,565	(39,189)	198,701	19,827	64,804
Deferred revenue	-	-	-	-	-	-	-	-
Accrued interest on long-term debt	(8,442)	(7,326)	(6,303)	(6,416)	(289)	9,031	(267)	(266)
Net change in cash from operating activities	7,511,765	13,682,052	18,307,274	25,916,749	20,631,857	1,966,681	18,100,596	20,499,464
Capital activities:								
Purchase of tangible capital assets	(6,393,205)	(12,735,643)	(17,510,550)	(25,101,311)	(20,733,993)	(1,275,262)	(17,371,616)	(19,731,717)
Cash used in capital activities	(6,393,205)	(12,735,643)	(17,510,550)	(25,101,311)	(20,733,993)	(1,275,262)	(17,371,616)	(19,731,717)
Financing activities:								
Proceeds of long term debt	164,766	159,823	155,028	150,377	145,866	141,490	137,245	133,128
Repayment of long-term debt	(1,283,326)	(1,106,232)	(951,752)	(965,815)	(43,730)	(832,909)	(866,226)	(900,875)
Cash used in financing activities	(1,118,560)	(946,409)	(796,724)	(815,438)	102,136	(691,419)	(728,980)	(767,747)
Net change in cash flows	-	-	-	-	-	-	-	-
Cash and short-term investments, beginning of year	-	-	-	-	-	-	-	-
Cash and short-term investments, end of year	-	-	-	-	-	-	-	-

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